

# 1974 ANNUAL REPORT

Maclean-Hunter

**CABLE**  
LIMITED





## **MACLEAN-HUNTER CABLE TV LIMITED**

Head Office  
27 Fasken Drive,  
Rexdale, Ontario  
M9W 1K7

### **OFFICERS AND DIRECTORS**

- \*Donald G. Campbell**  
Chairman of the Board  
Etobicoke, Ontario
- \*Frederick T. Metcalf**  
President  
Guelph, Ontario
- \*J. Barry Gage**  
Vice President and General  
Manager  
Toronto, Ontario
- \*Gilbert A. Allard**  
President  
Maclean-Hunter Communications Ltd.  
Mississauga, Ontario
- John Haughey**  
Secretary - Treasurer  
Mississauga, Ontario
- \*Colin M. Brown**  
London, Ontario
- \*Lorne R. Clark**  
Toronto, Ontario
- \*Donald F. Hunter**  
Toronto, Ontario
- \*Robert J. Prettie**  
Thunder Bay, Ontario
- \*Director*

### **AUDITORS**

Clarkson, Gordon & Co.

### **TRANSFER AGENT AND REGISTRAR**

Canada Trust Company

### **DEBENTURE TRUSTEE**

National Trust Company, Limited

### **EXCHANGE LISTING**

The Toronto Stock Exchange

### **REGIONAL MANAGERS**

**James P. Herbert**  
**Donald H. Hinds**  
**Allan G. Lamb**

### **SYSTEMS MANAGERS**

**Keith S. Anderson**  
London, Ontario

**Joseph N. Bertoni**  
St. Catharines-Thorold, Ontario

**E. J. (Tim) Decaire**  
Guelph, Ontario

**J. G. (Jack) Leachman**  
Owen Sound-Meaford, Ontario

**Donald C. Quesnelle**  
Collingwood, Ontario

**Melvin A. Spence**  
Midland-Penetanguishene, Ontario

**Charles Christie**  
Thunder Bay, Ontario

**Allan Clark**  
North Bay, Ontario

**Hugh J. Coulthard**  
Toronto-Mississauga, Ontario

**Roger M. Patton**  
Ajax, Ontario

**George A. Smith**  
Hamilton, Ontario

**Wayne M. Tolton**  
Huntsville, Ontario

**Paul D. Borysiuk**  
Peterborough Cable  
Television Limited  
Peterborough, Ontario

**Earl F. Friesen**  
Huron Cable TV Limited  
Sarnia and Wallaceburg, Ontario

# Highlights of 1974

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	<u>1974</u>	<u>1973</u>
Revenue	\$13,965,000	\$11,927,000
Net income for common shareholders (Before extraordinary item)		
—total	1,599,000	1,314,000
— per share	86.8¢	71.3¢
Cash Flow		
— total	4,981,000	4,263,000
— per share	\$2.70	\$2.31
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Total assets	29,095,000	27,288,000
Long term debt	11,225,000	9,866,000
Shareholders' equity	11,130,000	10,326,000
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Capital expenditures	4,624,000	3,790,000
Depreciation	2,548,000	2,252,000
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Households in licensed area	325,400	316,600
Households on service	224,500	200,800
Number of employees — Cable	300	279
Number of employees — Communications	157	151
Miles of cable	2,635	2,463



# Report to Shareholders

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Nineteen seventy-four was a good year for your Company, in spite of high interest rates and the ever-increasing costs of labour, services and equipment. Rate increases in some of our systems, coupled with continuing strong new subscriber sales, helped to offset these costs to some extent. New subscriber growth of some 24,000 new homes connected gave us a total of 224,000 at year end.

Revenue for the year was \$13,965,000, compared with \$11,927,000 last year. Net income before preferred dividends and extraordinary item was \$1,767,000, compared with \$1,516,000 last year, an increase of 17%. After preferred dividends, consolidated net income for common shareholders, before the extraordinary item, rose to \$1,599,000 from \$1,314,000 in 1973, an increase of 22%.

Capital expenditures in 1974 were \$4,624,000, an all-time high for your Company. This high level of capital spending resulted from adding extra channel capacity to our systems in Toronto, Mississauga and Hamilton, plus purchases of set-top convertors for use with these channels. When these extra items were added to the normal continuing costs associated with growth and replacements throughout our systems, capital costs were exceptionally heavy.

The results for the year again serve to highlight the tremendous contribution made by all the staff. Faced with spiralling costs, new technology in additional channels and convertors, as well as the necessity of continuing to update our systems and add new subscribers, they have displayed outstanding enthusiasm, loyalty and plain hard work. On your behalf we wish to thank each and every one of them for this great effort.

## REFINANCING

Although there were a number of special



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events affecting our results in 1974, the most important was the refinancing package signed in July. Under its terms your Company entered into an agreement for long-term financing with two Canadian life insurance companies, Sun Life Assurance Company of Canada, and The Great-West Life Assurance Company. The agreement provided for a loan of \$5,000,000 repayable over 15 years at an interest rate of  $\frac{3}{4}$  of 1% over the prime bank rate, with a maximum of 11% and a minimum of 9½%.

In conjunction with this agreement the Company also made a term loan arrangement with the Toronto-Dominion Bank, under which the Bank provides an initial amount of \$3,000,000 for a minimum period of six years.

The proceeds of these two loans were used to pay off current bank loans and provide funds for expansion or acquisitions.

#### NORTH BAY

In November, the Canadian Radio-Television Commission authorized your Company to carry some outside Canadian and American stations on our system in North Bay, Ontario. These signals will become available when a Northern Ontario microwave system is built, which is expected to be September, 1976. Management is currently negotiating the terms and conditions of microwave service. The Company is part of a consortium of Northern Ontario system operators which may build and operate a microwave network if such a scheme results in lower costs, consistent with good pictures. The North Bay system is currently being extended and updated in preparation for these extra channels.

#### PHASECOM

Phasecom Corporation, which is 50% owned by our 75% owned subsidiary Peterborough Cable Television Limited, operated at a break-even level for the year. A favourable out-of-

court settlement of a relatively large contract for 1973 injected sufficient cash into the Company to enable it to pay off its outstanding bank loans. Sales were slow, however, hampered by the tight money situation in the United States. The Board of Directors of Peterborough Cable Television Limited therefore decided to write down Peterborough's investment in Phasecom to net book value of \$361,000. Your Company's share of the writedown was \$339,000, which is reflected in the accounts for the year as an extraordinary item.

#### COMMUNICATIONS

Maclean-Hunter Communications Ltd., a 100% owned subsidiary, operating in the personal paging, telephone answering and mobile radio businesses, enjoyed a healthy 13% increase in revenue to \$1,706,000 from \$1,505,000 in 1973 and operated at about a break-even for the year. With sales continuing at a satisfactory level so far this year, particularly in the personal paging business, it appears that this Company will contribute a modest profit to your Company's results in 1975.

#### OUTLOOK FOR 1975

The early part of this year has been very busy with numerous appearances before the CRTC on proposed regulations, licence renewals and applications to extend our areas in Mississauga and Ajax. At the same time your Company made its first move into the United States with a major acquisition in New Jersey.

#### LICENCE RENEWALS

Licences issued to your Company for Toronto, Mississauga, Ajax, Huntsville, Midland-Penetanguishene, Owen Sound-Meaford, Collingwood, Guelph, London, St. Catharines and Hamilton are subject to renewal before September 30, 1975. These, along with those of our subsidiaries in Peterborough, Sarnia and Wallaceburg, are on the agenda for a public



hearing on May 6, 1975.

## RATE INCREASES

Rate increases applied for in November of 1974 were received this Spring in Toronto, Mississauga, Ajax, Huntsville, Peterborough, Owen Sound-Meaford, Collingwood, Midland-Penetanguishene, Guelph, Sarnia and Wallaceburg, and have been implemented in most centres.

## CRTC PROPOSED REGULATIONS AND POLICIES

Proposed regulations for cable television licencees were the subject of a public hearing in Ottawa on April 8, 1975, at which your Company was represented.

On June 10, 1975, a public hearing will be held in Ottawa to discuss policies covering many facets of cable television operations. These include community programming, a supplementary programming channel, converter service, radio carriage on cable, and pay television. Any and all interested parties have been invited to comment on these proposals. Your Company expects to appear at the hearing. After the hearing, these proposals, in all or in part, will be amended or enacted and will be the policies and regulations governing the operations of cable television licencees.

Maclean-Hunter Cable TV Limited in general supports the CRTC objectives in their community programming policy. We do not, however, agree with the means proposed to achieve these objectives. The policy proposal recommends that all cable licencees allocate 10% of monthly subscriber revenue to the community programming channel. In our view the arbitrary allocation of funds will not necessarily achieve the desired results. While your Company is currently spending substantial amounts in this area, it would be necessary to apply for further rate increases if the present

CRTC proposals were implemented. We intend to make this view clear at the hearing on June 10, 1975.

## SUBURBAN CABLEVISION

A 75% interest in the equity of this New Jersey Company was acquired in April of this year.

Suburban currently holds cable TV franchises in the municipalities of West Orange, West Caldwell, Livingston, Irvington, East Orange, Orange, Fairfield, Maplewood, Verona and Roseland, all in Essex County, representing a system that will serve an area of approximately 100,000 homes. State and Federal approvals have been received for West Orange, West Caldwell, Livingston and Irvington, while the ordinances for the remaining municipalities are in various stages of approval.

Construction has begun on the first phase of the system with a potential of some 50,000 homes, and service is expected to commence in September of this year.

The initial service will include: 14 off-air broadcast channels; the exclusive closed-circuit cable network programs of Madison Square Garden featuring the home games of the Rangers and Knickerbockers; local origination programming from Suburban's own studios; information display channels with financial, area and national news stories; and an optional pay television package of current movies and cultural events.

Suburban will continue to operate on a day-to-day basis under two of the founding shareholders with your Company exercising close supervision in all areas of operation.

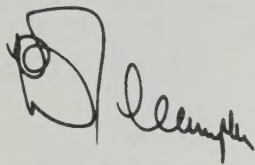
## COMMON SHARE DIVIDENDS

Your Board of Directors was pleased to

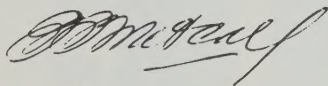
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declare an initial common share dividend of 6 cents per share at the end of the first quarter and expects that operations will continue at levels which will make it possible to pay dividends on a quarterly basis.

On behalf of the Board

A handwritten signature in black ink, appearing to read "D. Campbell", written over a horizontal line.

Donald G. Campbell, Chairman

A handwritten signature in black ink, appearing to read "F. Metcalf", written over a horizontal line.

Frederick T. Metcalf, President



# Areas Served by Maclean-Hunter Cable TV Limited

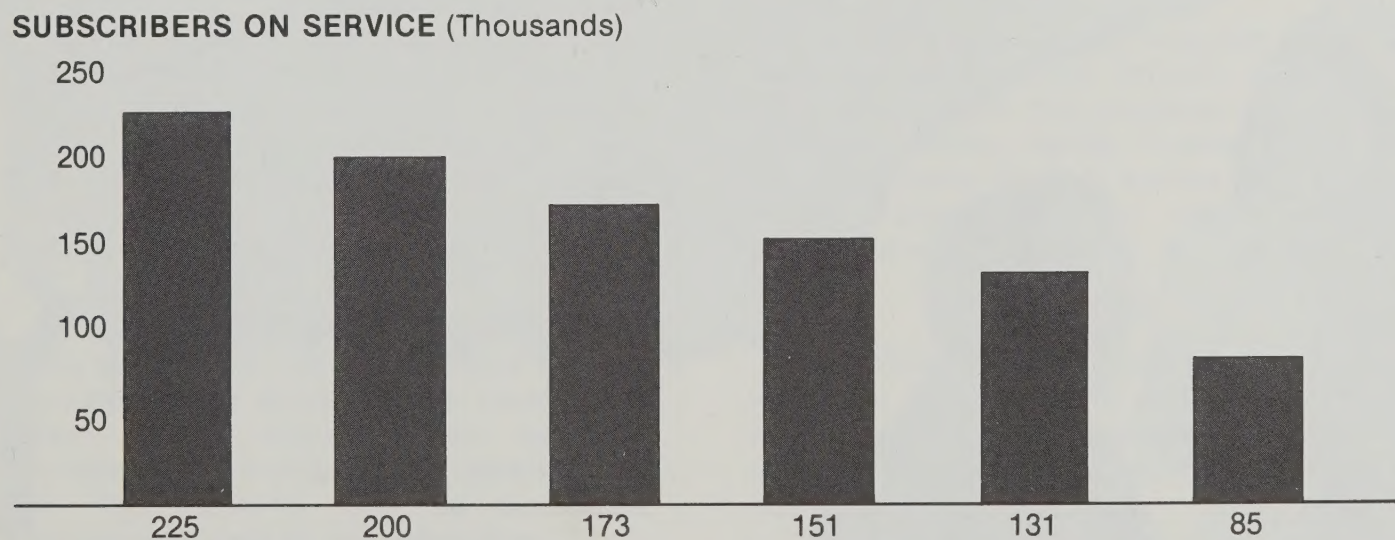
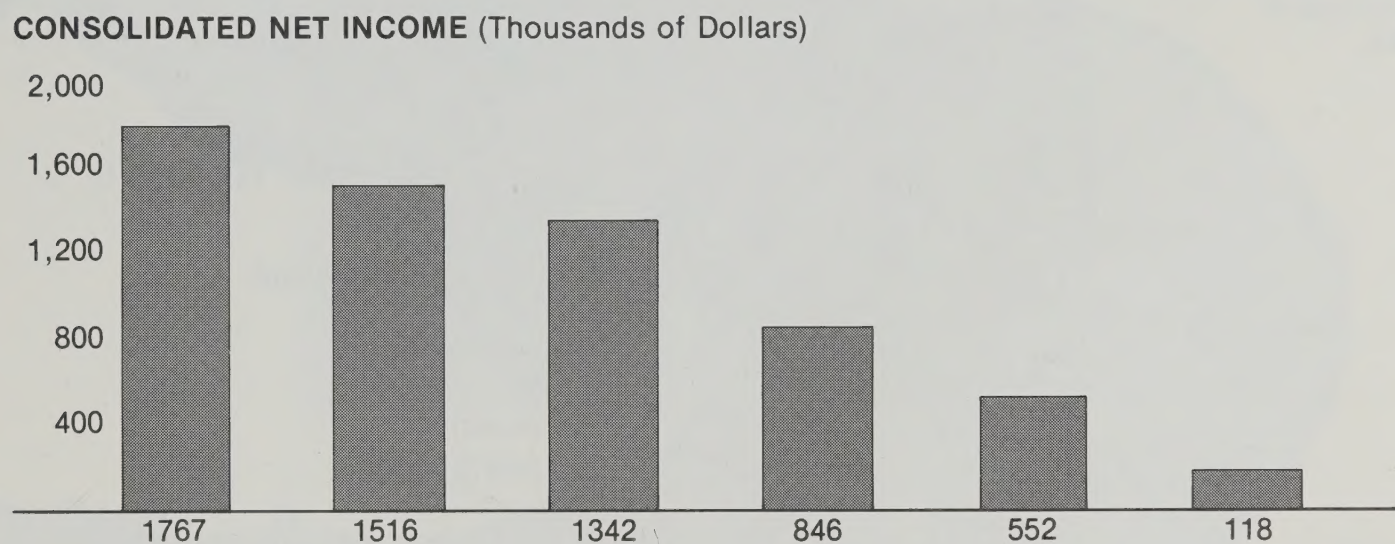
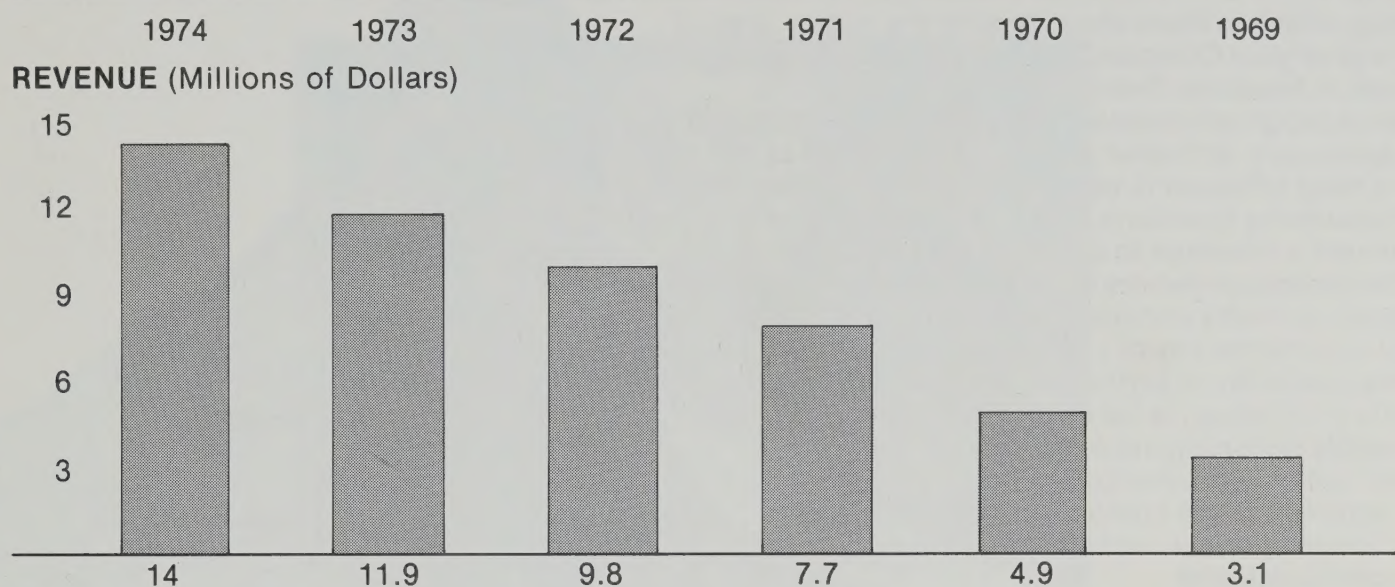
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As at December 31, 1974, the company was licensed to operate in 19 communities containing a total of approximately 325,400 households.

SYSTEM	HOUSEHOLDS IN LICENSED AREA AT Dec. 31/74	HOUSEHOLDS CONNECTED AT Dec. 31/74	PENETRATION	HOUSEHOLDS CONNECTED AT Dec. 31/73
Toronto-Mississauga	111,000	72,300	65.1%	56,100
Ajax	5,000	3,900	78.0	3,500
Thunder Bay	30,000	24,600	82.0	23,600
St. Catharines - Thorold	37,000	13,700	37.0	13,900
London	30,000	25,200	84.0	23,700
Guelph	22,000	18,700	85.0	18,100
Peterborough	19,000	17,900	94.2	16,900
Sarnia	21,000	16,200	77.1	14,800
Hamilton	13,000	10,500	80.8	10,600
North Bay	13,000	4,000	30.8	3,500
Owen Sound - Meaford	9,000	6,600	73.3	5,900
Midland-Penetanguishene	6,000	5,500	91.7	5,200
Wallaceburg	4,000	700	17.5	800
Collingwood	3,600	3,000	83.3	2,700
Huntsville	1,800	1,700	94.4	1,500
	<u>325,400</u>	<u>224,500</u>	<u>69.0%</u>	<u>200,800</u>



# Six year comparison of consolidated revenue, net income and subscriber growth





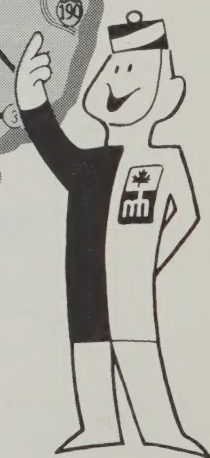
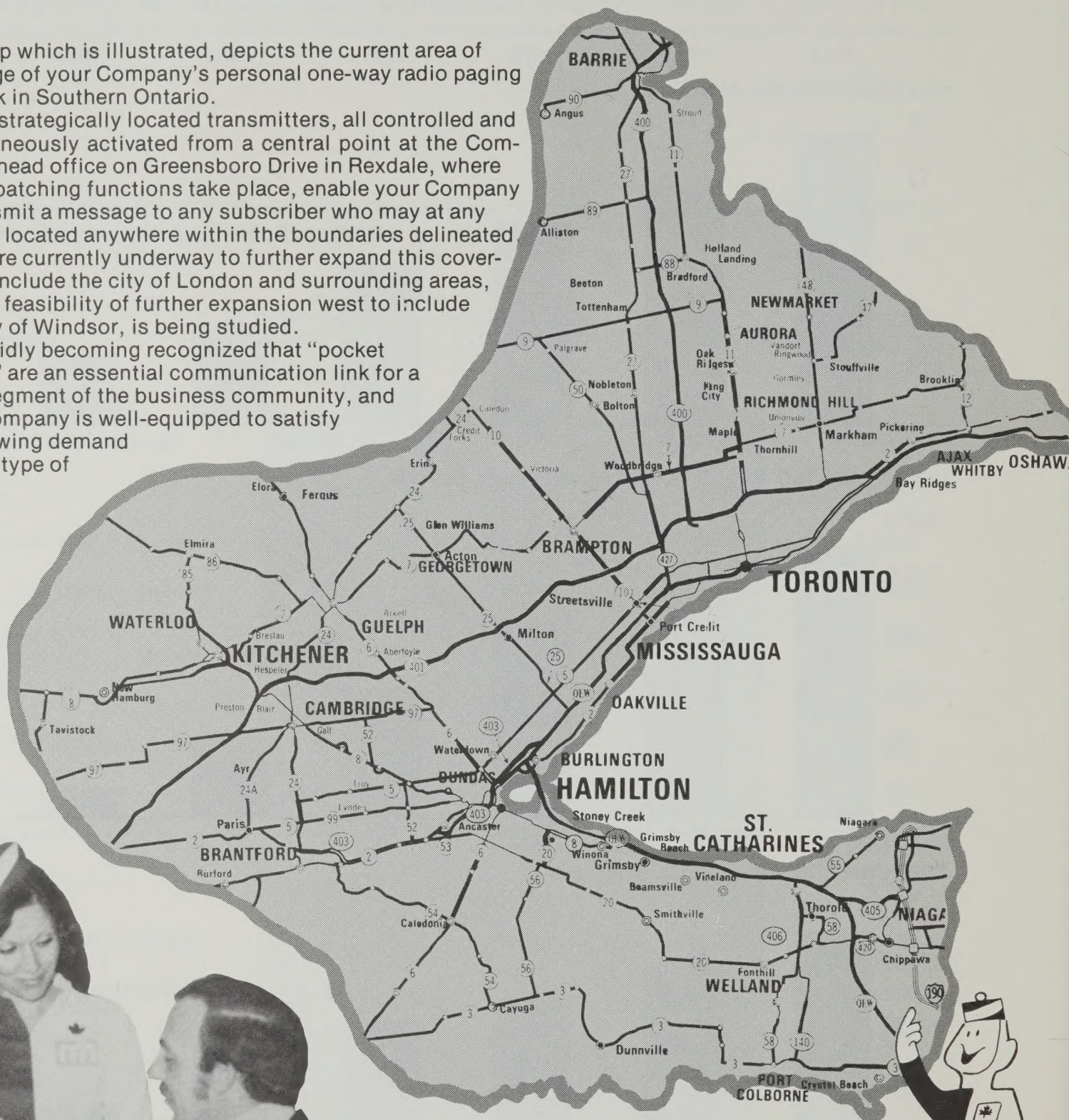
# Maclean-Hunter Communications Ltd.

## Providing more coverage for more subscribers

The map which is illustrated, depicts the current area of coverage of your Company's personal one-way radio paging network in Southern Ontario.

Eleven strategically located transmitters, all controlled and simultaneously activated from a central point at the Company's head office on Greensboro Drive in Rexdale, where the dispatching functions take place, enable your Company to transmit a message to any subscriber who may at any time be located anywhere within the boundaries delineated. Plans are currently underway to further expand this coverage to include the city of London and surrounding areas, and the feasibility of further expansion west to include the city of Windsor, is being studied.

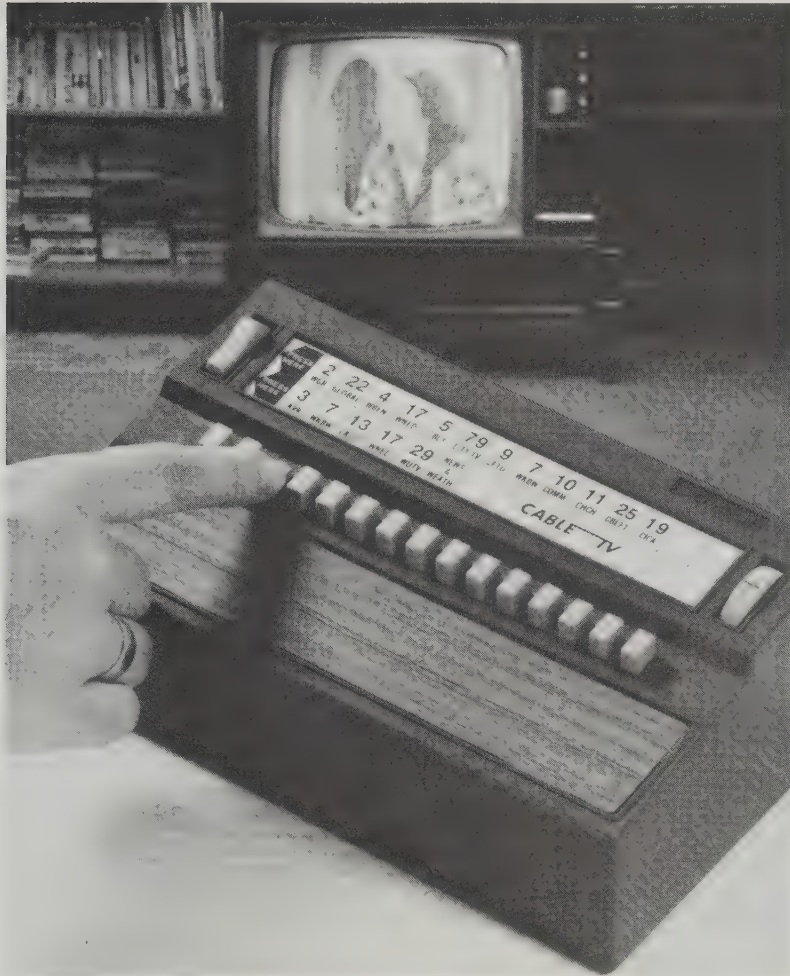
It is rapidly becoming recognized that "pocket pagers" are an essential communication link for a large segment of the business community, and your Company is well-equipped to satisfy the growing demand for this type of service.





# Macleon-Hunter Cable TV Limited

## Delivering more channels and customer options



As part of our continuing expansion of customer service Maclean-Hunter Cable TV Limited has recently introduced to subscribers a new multi-channel converter service. This new service is available to subscribers in the Ajax, Hamilton, St. Catharines, Toronto and Mississauga areas.

With the addition of a converter, a device easily installed on the regular cable service, subscribers can enjoy, at the touch of a button, more channels than currently available on the standard VHF television set dial. The converter may be purchased outright, or leased by the subscriber.

In addition to providing expanded channel services, the converter virtually eliminates wear and tear on the television set tuner, greatly prolonging set life. Channel selection and fine tuning are both carried out on the remote control converter, which can be located almost anywhere in the viewing room.

The introduction of multi-channel converters is just one more step in Maclean-Hunter Cable TV's planned policy of providing the finest available services and equipment.



# Consolidated Statement of Income

FOR THE YEAR ENDED DECEMBER 31, 1974 (with comparative figures for 1973)

## MACLEAN-HUNTER CABLE TV LIMITED

and its subsidiaries

	<u>1974</u>	<u>1973</u>
Revenue — cable	\$12,259,000	\$10,422,000
— communications	<u>1,706,000</u>	<u>1,505,000</u>
	13,965,000	11,927,000
Operating expenses, except depreciation	<u>6,158,000</u>	<u>5,324,000</u>
Income from operations before the following	<u>7,807,000</u>	<u>6,603,000</u>
Depreciation	<u>2,548,000</u>	<u>2,252,000</u>
Interest on long-term debt	<u>1,184,000</u>	<u>994,000</u>
	<u>3,732,000</u>	<u>3,246,000</u>
Income before income taxes, share of affiliated company loss, minority interest and extraordinary item	4,075,000	3,357,000
Income taxes	<u>2,149,000</u>	<u>1,673,000</u>
	1,926,000	1,684,000
Deduct:		
Share of net loss of affiliated company (note 2)	37,000	58,000
Minority interest	<u>122,000</u>	<u>110,000</u>
Consolidated net income before extraordinary item	1,767,000	1,516,000
Extraordinary item:		
Write-down of investment in affiliated company (net of minority interest of \$113,000) (note 2)	<u>339,000</u>	
Consolidated net income for the year	<u>\$ 1,428,000</u>	<u>\$ 1,516,000</u>
Earnings per common share (after provision for preference share dividends):		
Consolidated net income before extraordinary item	86.8¢	71.3¢
Extraordinary item	<u>18.4</u>	
Consolidated net income for the year	<u>68.4¢</u>	<u>71.3¢</u>

[See accompanying notes]



# Consolidated Statement of Changes in Financial Position

FOR THE YEAR ENDED DECEMBER 31, 1974 (with comparative figures for 1973)

## MACLEAN-HUNTER CABLE TV LIMITED and its subsidiaries

	<u>1974</u>	<u>1973</u>
Sources of working capital:		
Operations -		
Consolidated net income before extraordinary item	\$ 1,767,000	\$1,516,000
Add items included in arriving at net income that did not involve an outlay of funds:		
Depreciation	2,548,000	2,252,000
Deferred income taxes	507,000	327,000
Share of net loss of affiliated company	37,000	58,000
Minority interest	<u>122,000</u>	<u>110,000</u>
Total funds from operations (cash flow)	4,981,000	4,263,000
Secured, sinking fund debentures, Series C	5,000,000	
Bank loan, secured by Series B debentures	1,900,000	
Sale of goodwill	5,000	6,000
Bank loans		625,000
Sale of parent company debentures held by subsidiary		155,000
Decrease in working capital	<u>                    </u>	<u>925,000</u>
	<u>\$11,886,000</u>	<u>\$5,974,000</u>
Applications of working capital:		
Additions to properties	\$ 4,624,000	\$3,790,000
Repayments on bank loans	4,775,000	
Redemption of Series A debentures	750,000	750,000
Redemption of preference shares	456,000	465,000
Dividend declared on preference shares	168,000	202,000
Investment in and advances to affiliate	24,000	634,000
Dividends paid by subsidiary to minority interest		25,000
Repayment of minority interest advances		97,000
Mortgage repayments	16,000	11,000
Increase in working capital	<u>1,073,000</u>	<u>                    </u>
	<u>\$11,886,000</u>	<u>\$5,974,000</u>

[See accompanying notes]



# Consolidated Statement of Financial Position

DECEMBER 31, 1974 (with comparative figures at December 31, 1973)

**MACLEAN-HUNTER CABLE TV LIMITED** [Incorporated under the laws of Ontario]  
and its subsidiaries

ASSETS	1974	1973
Current:		
Accounts receivable	\$ 649,000	\$ 550,000
Inventories, at lower of cost and replacement cost	93,000	39,000
Prepaid expenses	182,000	134,000
	<u>924,000</u>	<u>723,000</u>
Investments:		
Affiliated company (note 2)	335,000	800,000
Other, at cost	21,000	21,000
	<u>356,000</u>	<u>821,000</u>
Properties (note 3)	<u>17,779,000</u>	<u>15,703,000</u>
Goodwill (note 4)	<u>10,036,000</u>	<u>10,041,000</u>
	<u>\$29,095,000</u>	<u>\$27,288,000</u>

[See accompanying notes]



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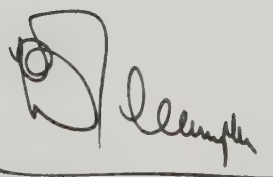
## LIABILITIES

### Current:

	<u>1974</u>	<u>1973</u>
Bank indebtedness	\$ 208,000	\$ 140,000
Accounts payable and accrued charges	877,000	1,037,000
Income and other taxes payable	510,000	669,000
Dividend payable on preference shares	40,000	48,000
Due to associated company		200,000
Unearned subscriber revenue	1,971,000	1,635,000
Current portion of long-term debt	16,000	765,000
	<u>3,622,000</u>	<u>4,494,000</u>
Long-term debt (note 5)	<u>11,225,000</u>	<u>9,866,000</u>
Deferred income taxes	<u>2,774,000</u>	<u>2,267,000</u>
Minority interest	<u>344,000</u>	<u>335,000</u>
Shareholders' equity:		
Capital stock (notes 6 and 7)	4,143,000	4,603,000
Contributed surplus	2,193,000	2,189,000
Retained earnings (note 5)	4,794,000	3,534,000
	<u>11,130,000</u>	<u>10,326,000</u>
	<u>\$29,095,000</u>	<u>\$27,288,000</u>

On behalf of the Board:

Director



Director





# Consolidated Statements of Retained Earnings and Contributed Surplus

FOR THE YEAR ENDED DECEMBER 31, 1974 (with comparative figures for 1973)

## MACLEAN-HUNTER CABLE TV LIMITED and its subsidiaries

	<u>1974</u>	<u>1973</u>
<b>RETAINED EARNINGS</b>		
Balance, beginning of year	\$3,534,000	\$2,220,000
Add consolidated net income for the year	<u>1,428,000</u>	<u>1,516,000</u>
	4,962,000	3,736,000
Deduct dividends declared on preference shares	<u>168,000</u>	<u>202,000</u>
Balance, end of year	<u>\$4,794,000</u>	<u>\$3,534,000</u>
 <b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of year	\$2,189,000	\$2,194,000
Add gain (loss) on redemption of preference shares	<u>4,000</u>	<u>(5,000)</u>
Balance, end of year	<u>\$2,193,000</u>	<u>\$2,189,000</u>

[See accompanying notes]

## Auditors' Report

To the Shareholders of  
Maclean-Hunter Cable TV Limited:

We have examined the consolidated statement of financial position of Maclean-Hunter Cable TV Limited and its subsidiaries as at December 31, 1974 and the consolidated statements of income, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and

the results of their operations and the changes in their financial positions for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
February 7, 1975

*Clarkson, Gordon & Co.*

Chartered Accountants



# Notes to Consolidated Financial Statements

DECEMBER 31, 1974

## MACLEAN-HUNTER CABLE TV LIMITED

and its subsidiaries

### 1. Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

	Ownership
Maclean-Hunter Communications Limited	100%
Peterborough Cable Television Limited	75%
Huron Cable TV Limited	66 2/3%

The investment in a 50% owned affiliated company is carried on the equity basis, as described in Note 2.

### 2. Investment in affiliated company

This investment, held through Peterborough Cable Television Limited, a 75% owned subsidiary, represents a 50% interest in Phasecom Corporation, a Los Angeles based company developing and manufacturing specialized equipment for the cable television industry.

The investment is carried in the accompanying financial statements as follows:

	1974	1973
Shares, accounted for using the equity method	\$211,000	\$700,000
Advances	124,000	100,000
	<u>\$335,000</u>	<u>\$800,000</u>

During 1973 and 1974 Phasecom experienced a marked decrease in sales volume due to a severe reduction in capital expenditures by the U.S. cable television industry. As marketing conditions had not satisfactorily recovered in the U.S. cable television industry by September 30, 1974, Peterborough Cable Television Limited wrote down its investment in Phasecom Corporation to the

underlying net book value of its assets at that date. The write-down amounted to \$452,000 with the Company's portion amounting to \$339,000 after allowing for the minority interest.

Losses incurred by Phasecom for the year have been accounted for on the equity basis; the Company's portion to September 30, 1974 amounted to \$37,000. Phasecom operated at a breakeven point for the period September 30, 1974 to December 31, 1974.

### 3. Properties, at cost

	1974	1973
Towers and transmission facilities	\$23,209,000	\$19,619,000
Equipment	4,692,000	3,904,000
Buildings	572,000	554,000
	<u>28,473,000</u>	<u>24,077,000</u>
Less accumulated depreciation	<u>10,831,000</u>	<u>8,470,000</u>
	17,642,000	15,607,000
Land	137,000	96,000
	<u>\$17,779,000</u>	<u>\$15,703,000</u>

Transmission facilities include assets with a cost of \$5,864,000 (\$5,354,000 in 1973) paid for by the Company but which are owned by public utility companies. These assets have been leased back from the public utility companies for initial minimum terms of ten years.

Depreciation and amortization is being recorded at the following rates, which are expected to amortize the cost of properties over their estimated useful lives:

Buildings, towers and transmission facilities	- 10% straight line
Community programming equipment	- 20% straight line
Communications equipment	- 15% straight line



Converters	- 25% straight line
Other equipment	- 10% straight line
Vehicles	- 30% declining balance

#### 4. Goodwill

Goodwill represents the excess of the cost of acquiring predecessor businesses over the value assigned to net tangible assets acquired. As the goodwill is considered to have ongoing value it is carried in the accounts at cost.

During the year a subsidiary sold a segment of its business which resulted in a net reduction in goodwill of \$5,000.

#### 5. Long-term debt

	<u>1974</u>	<u>1973</u>
Bank loans		\$ 4,775,000
9% Sinking Fund Debentures, Series A	\$ 4,150,000	5,650,000
Bank loan, secured by Series B Debentures	1,900,000	
Secured Sinking Fund Debentures, Series C	5,000,000	
8% mortgage payable by a subsidiary, due January 2, 1983	172,000	187,000
8-1/2% mortgage due May 3, 1977	19,000	19,000
	<u>11,241,000</u>	<u>10,631,000</u>
Less portion due within one year	16,000	765,000
	<u>\$11,225,000</u>	<u>\$ 9,866,000</u>

The 9% Sinking Fund Debentures, Series A mature January 30, 1980. Annual sinking fund requirements are \$750,000 to 1979 and \$1,150,000 in 1980. The sinking fund requirements for 1975 were met in 1974.

The bank loan is secured by a \$3,000,000 Series B Debenture. There is no fixed maturity date, but in any event maturity cannot be prior to the maturity of the Series A Debentures. The interest rate is 1/2% above prime bank rate on the first \$750,000 and 1-1/2% above prime on the remainder.

The Secured Sinking Fund Debentures, Series C mature July 1, 1989. The interest rate is prime plus 3/4%, but cannot be less than 9-1/2% or greater than 11%. Annual sinking fund requirements are \$250,000 from 1977 to 1980; \$435,000 from 1981 to 1988 and \$520,000 in 1989.

The debentures are secured by a first floating charge on the undertaking of the Company and all its property and assets. The debentures are equally and rateably secured.

The Trust Indenture, pursuant to which the debentures were issued, contains restrictive covenants concerning the payment of dividends on the common shares.

Payments required to meet debt obligations in each of the next five years are as follows:

1975	\$ 16,000
1976	767,000
1977	1,023,000
1978	1,017,000
1979	1,018,000

#### 6. Capital stock

	<u>1974</u>	<u>1973</u>
Authorized - 635,000 cumulative redeemable first preference shares with a par value of \$20 each, issuable in series		
3,000,000 common shares with a par value of \$1 each		



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	<u>1974</u>	<u>1973</u>
Issued -		
115,000 7% cumulative redeemable first preference shares, Series A	\$2,300,000	\$2,760,000
1,842,500 common shares	<u>1,842,500</u>	<u>1,842,500</u>
	<u>\$4,142,500</u>	<u>\$4,602,500</u>

Provisions attaching to the first preference shares require the Company to retire, either by purchase for cancellation or redemption, 23,000 shares (par value \$460,000) annually to 1980.

#### 7. Share transfer restriction

The Company has the right to refuse to register a transfer of any of its shares to a non-resident that may, in the opinion of the directors, adversely affect the status of the Company under the licensing provisions of the Broadcasting Act of Canada.

#### 8. Commitments

The Company and its subsidiaries are committed to annual lease payments as follows:

- (i) Transmission facilities - approximately \$464,000 under leases with initial minimum terms of ten years;
- (ii) Office premises - \$64,000 under leases for varying periods to 1984.

#### 9. Statutory information

The aggregate direct remuneration of directors and senior officers (as defined in The Business Corporations Act, Ontario) amounted to \$258,000 in 1974 and \$207,000 in 1973.

#### 10. Reclassifications

Certain 1973 balances have been reclassified in order to conform with the presentation adopted in 1974.



